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(Confidential)
DRAFT

June 27, 2022

Mr. Marty Moore, CFO
Kentucky CSWR, LLC
1650 Des Peres Rd
Des Peres, MO 63131

RE: Non-Binding Summary of Terms and Conditions - **Confidential**

Dear Mr. Moore:

This Non-Binding Summary of Terms and Conditions (this “Summary”) is being presented to Bluegrass Water Utility Operating Company LLC (the “Company”) by CoBank, ACB (“CoBank” or “Lender”) for information and discussion purposes only. This Summary is neither a commitment nor an offer to extend credit and does not create any obligation on the part of CoBank. This Summary is intended to provide a summary of the primary terms and conditions of the proposed transaction between CoBank and the Company; however, this Summary does not contain all of the terms and conditions applicable to a credit facility provided by CoBank and ultimately contained in any loan documentation. CoBank’s decision to extend credit to the Company is contingent upon completion to CoBank’s satisfaction of all necessary due diligence, receipt of internal credit approvals, and the preparation of final documentation in form and substance satisfactory to CoBank. All figures, terms, and conditions are subject to change at any time. A commitment by CoBank will exist only if a formal, written commitment letter or definitive loan documents are prepared and executed by CoBank and the Company, and not otherwise. This Summary is strictly confidential and may not be released to or discussed with any third party without the prior written consent of CoBank

Borrower:	Bluegrass Water Utility Operating Company LLC
Lender:	CoBank, ACB
Type of Credit Facilities:	A \$2.90- \$5.0MM multiple advance, senior secured, amortizing term loan (the “Loan”).
Purpose:	To fund capital projects, refinance debt and closing costs.

Availability Date: Funds will be available for up to 12 months from closing and may not be repaid and reborrowed.

Closing Date: Shall be the date of execution and delivery of definitive loan documents and satisfaction or waiver of all condition precedent to the Loan, to occur no later than October 30, 2022.

Loan Maturity Date: The Loan will terminate and all amounts owing thereunder shall be due up to 20 years from the Closing Date (the “Loan Maturity Date”).

Interest: The Company will pay interest on the outstanding principal balance of the Loan in accordance with one or more of the following interest rate options, as selected by the Company:

Weekly Quoted Variable Rate Option: At a rate per annum equal at all times to the rate of interest established by CoBank on the first business day of each week. The rate established by CoBank shall be effective until the first business day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the

Quoted Rate Option. At a fixed rate per annum to be quoted by CoBank in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to CoBank in its sole discretion in each instance, provided that (1) such interest period shall not exceed the Loan Maturity Date; (2) the minimum fixed period shall be 365 days; (3) amounts may be fixed in increments of \$500,000.00 or multiples thereof; and (4) the maximum number of fixes in place at any one time shall be 5.

Daily Simple SOFR. At a rate per annum equal at all times to [1.75% during the availability period and subject to change thereafter] above SOFR (to be defined) for the day that is five U.S. government securities business days prior to (x) if such day is a U.S. government securities business day, such day or (y) if such day is not a U.S. government securities business day, the U.S. government securities business day immediately preceding such day, in each case, as SOFR is published by the SOFR administrator on the SOFR administrator’s website; provided that, such rate shall not be available during a default or event of default.

SOFR is a rate per annum equal to the secured overnight financing rate for the applicable U.S. government securities business day; provided, that, in no event shall the rate be less than 0.00%.

At any one time, there may be no more than five portions of the Loan accruing interest pursuant to any fixed rate option. The Quoted Rate Option shall not be available during a default or event of default for advances, rollovers or repricings.

The loan documents will include standard protective provisions for such matters as increased costs, funding losses, illegality, changes in law and temporary or permanent unavailability of a benchmark.

Interest Payments: Interest shall be calculated on the actual number of days each advance is outstanding on the basis of a year consisting of 360 days and shall be payable [monthly] in arrears by the 20th day of the following month.

Default Interest: Upon the occurrence and during the continuance of an event of default, a default rate of interest shall apply in an amount equal to 2% above the interest rate then in effect. Such interest will be payable on demand.

Origination Fee: [.75%] of the Loan amount payable at closing.

Unused Commitment Fee: [.25%] on the undrawn portion of the Loan (which fee shall be calculated on an actual/360 day basis and payable monthly in arrears and on the date the Loan expires or is terminated).

Principal Repayment: Consecutive [quarterly/monthly] installments of principal, payable on the 20th day of each month, with the first installment due on the 20th day of the month following the Availability Date, and the last installment due on the Loan Maturity Date. The amount of each installment shall be the same principal amount that would be due and payable if the loan was payable in level installments of principal and interest and such schedule was calculated utilizing the rate of interest applicable at the time of amortization based upon a 20 year, mortgage style amortization schedule.

Prepayment: Any prepayment of any portion of the Loan accruing interest pursuant to Quoted Rate Option prior to the last day of the applicable interest period will be subject to a surcharge equal to the greater of (a) the sum of: (i) the present value of any funding losses sustained by CoBank as a result of such prepayment, plus (ii) a per annum yield of .5% of the amount repaid for the period such amount was scheduled to have been outstanding at such fixed rate, or (b) \$300.

Collateral: The Company's obligations under the Loan will be secured by a statutory first lien on all equity that the Company may now own or hereafter acquire or be allocated in CoBank.

In addition, the Company's obligations under the Loan will be secured by a perfected priority lien on and security interest in all real and personal, tangible and intangible, present and future assets of the Company, including the stock of Company, subject only to those exceptions approved by CoBank.

The Company will execute and record or file, as applicable, such deeds of trust, mortgages, security agreements, financing statements, and such other instruments and documents as CoBank may require to enable CoBank to obtain, perfect, and maintain a lien on the collateral described above. Also, Company will provide to CoBank with such evidence of title (in a form to be determined by CoBank) subject only to those exceptions

approved by CoBank. Company will not grant a lien on assets or revenues to any other creditor excepting for typical purchase money obligations and standard exemptions.

Documentation:

Any commitment issued by CoBank would be subject to the negotiation, execution, delivery, and, where appropriate, recording of loan and loan related documentation (including exhibits, opinions, and security documentation) satisfactory to CoBank and its counsel in its or their sole discretion. In addition, all other matters whatsoever relating to the credit or the closing thereof must be approved by CoBank and its counsel in its or their sole discretion. Without limiting the foregoing, the loan documentation shall include conditions precedent, representations and warranties, covenants, events of default, remedies upon default, and various miscellaneous provisions.

Representations and Warranties:

Customary for credit facilities of this type, including without limitation: corporate existence, compliance with loan documents, laws, grants and contractual obligations; no conflict with organization documents, law, grants or contractual obligations; title to property; solvency; receipt of all governmental or regulatory approvals; and binding and enforceable loan documents.

Conditions Precedent to Closing:

1. Approval of the proposed debt by the Kentucky PUC as well as a rate structure sufficient to produce adequate revenues, profits and cash flows, in CoBank's sole determination, to meet all debt repayment obligations and all covenants of the proposed commitment.

2. Customary for credit facilities of this type, including without limitation: negotiation, execution and delivery of definitive loan and security documentation (including mortgages, deeds of trust, security agreements and guarantees); delivery of duly-adopted resolutions, organization documents and incumbency certificates of the Company and any guarantors; solvency certificate, perfection and diligence certificates and other customary closing documents; receipt of lien search results, evidence of CoBank lien perfection and priority, opinions of counsel, evidence of compliance with insurance requirements, environmental audits and appraisals if applicable; purchase of CoBank stock; favorable determination of eligibility to borrow from CoBank; payment of fees; and completion of due diligence, in each case as satisfactory to CoBank.

Financial Covenants:

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- "Debt Service Coverage Ratio" (as defined in Exhibit A hereto) of greater than [1.40x] at each FYE.
- "Total Debt to Total Capitalization Ratio" (as defined in Exhibit A) of not greater than [60%] at each FYE.

- “Total Debt to EBITDA (as defined in Exhibit A hereto) of not greater than [6.0x] at each FYE.

Affirmative Covenants:

Customary for credit facilities of this type, including, without limitation: preservation of corporate existence; compliance with laws, grants and contractual obligations; payment of liabilities; use of proceeds; maintenance of insurance; maintenance of property; maintenance of books and records; and inspection rights.

Negative Covenants:

Customary for credit facilities of this type, including, without limitation, restrictions on additional indebtedness (except for an amount to be determined for purchase money indebtedness and capital leases), other liens (other than liens securing permitted purchase money indebtedness), mergers and acquisitions, sale or transfer of assets, change in business, dividends or other distributions (permitted assuming no default or event of default exists or would result from such payment).

Reporting Requirements:

The Company will be required to deliver:

- [Reviewed/(Audited- if loan exceeds \$3MM)] consolidated comparative annual financial statements due within 120 days of each fiscal year end. Such statements shall also include consolidating information and be prepared in accordance with GAAP and be accompanied by a compliance certificate signed by a senior officer of the company.
- If requested by CoBank Quarterly, company prepared, interim financial statements of Company within 60 days after the end of the 1st, 2nd and 3rd fiscal quarters certified by a senior officer of the company.

Expenses and Indemnification:

The Company will pay all out-of-pocket costs and expenses of CoBank related to the negotiation, drafting, execution and administration of all loans. Typical expenses include without limitation due diligence expenses, legal fees and expenses, filing fees, lien search fees, appraisal fees, mortgage fees, title insurance and collateral inspection fees. The foregoing fees and expenses shall be due and payable regardless of whether the loans described herein close.

The Company will pay, and hold CoBank and its officers, directors, employees, agents, and attorneys (the “Indemnitees”) harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, and claims of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Indemnitees as a result of its being a party to the credit agreement, except with respect to liabilities arising from the gross negligence or willful misconduct of

that Indemnitee as determined by a final non appealable judgment of a court of competent jurisdiction.

Defaults:

Customary for credit facilities of this type, including without limitation: payment default; false or misleading representations and warranties; violation of covenants; loss, termination or revocation of any licenses and franchises issued or granted by any governmental authority and of any material grants, easements, IRUs and other material contracts; change in control; default under other agreements with CoBank or its affiliates; default under other indebtedness, judgments and orders; insolvency; material adverse change and revocation of guarantees.

Patronage:

At the sole discretion of CoBank's Board of Directors, each year eligible customers may qualify under CoBank's patronage plan for patronage certificates and distributions. CoBank reserves the right to sell, assign and/or participate in credit facilities discussed hereunder on a non-patronage basis. The required capital purchase is \$1,000 due at closing.

Assignment:

The Loan and the proceeds thereof are not assignable by the Company to any other person or entity without CoBank's prior written consent.

Governing Law:

The loan documents will be governed by and construed in accordance with the laws of the State of Colorado. The Company will submit to the nonexclusive jurisdiction and venue of the federal and state courts of the State of Colorado and will waive any rights to a trial by jury in respect of any litigation arising out of or in connection with this financing.

EXHIBIT A
DEFINITIONS

Total Debt to Total Capitalization Ratio. The ratio of "Total Debt" to "Total Capitalization" both as defined below. (1) "Total Debt" shall mean, for the Company, on a consolidated basis, the sum of (a) all indebtedness for borrowed money, (b) obligations which are evidenced by notes, bonds, debentures or similar instruments, and (c) that portion of obligations with respect to capital leases or other capitalized agreements that are properly classified as a liability on the balance sheet in conformity with GAAP or which are treated as operating leases under regulations applicable to them but which otherwise would be required to be capitalized under GAAP; and (2) "Total Capitalization" shall mean Total Debt plus "Net Worth" (as defined below). For purposes hereof, "Net Worth" shall mean the difference between total assets less total liabilities (both as determined on a consolidated basis in accordance with GAAP consistently applied), except that in determining Total Capitalization, contributions in aid of construction, advances for construction, customer deposits, or similar items reducing rate base calculations shall be excluded.

"Debt Service Coverage Ratio" shall mean the ratio of: (1) net income (after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, interest expense, and non-cash management fee expenses, minus non-cash patronage, and non-cash income from subsidiaries and/or joint ventures; to (2) all principal payments due within the period on all "Long-Term Debt" (as defined below) plus interest expense (all as calculated on a consolidated basis for the fiscal year in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the Company). For purposes hereof, "Long-Term Debt" shall mean, for the Company, on a consolidated basis, the sum of (a) all indebtedness for borrowed money, (b) obligations which are evidenced by notes, bonds, debentures or similar instruments, and (c) that portion of obligations with respect to capital leases or other capitalized agreements that are properly classified as a liability on the balance sheet in conformity with GAAP or which are treated as operating leases under regulations applicable to them but which otherwise would be required to be capitalized under GAAP, in each case having a maturity of more than one year from the date of its creation or having a maturity within one year from such date but that is renewable or extendible, at the Company's option, to a date more than one year from such date or that arises under a revolving credit or similar agreement that obligates the lender(s) to extend credit during a period of more than one year from such date, including all current maturities in respect of such indebtedness whether or not required to be paid within one year from the date of its creation.

Total Debt to EBITDA Ratio shall mean the ratio of "Total Debt" at the end of a fiscal year. For purposes hereof, (1) "Total Debt" shall mean the sum of the following as of the end of the fiscal year (a) all indebtedness for borrowed money, (b) obligations which are evidenced by notes, bonds, debentures or similar instruments, and (c) that portion of obligations with respect to capital leases or other capitalized agreements that are properly classified as a liability on the balance sheet in conformity with GAAP or which are treated as operating leases under regulations applicable to them but which otherwise would be required to be capitalized under GAAP; and (2) "EBITDA" shall mean operating revenues minus operating expenses, plus depreciation expense, amortization expenses, and non-cash management fee expenses for each fiscal year (all as calculated on a consolidated basis for the Company and its consolidated subsidiaries in accordance with GAAP consistently applied).